

ITEM NO. 7

STAFF REPORT

DATE: FEBRUARY 7, 2012
TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ROD FOSTER, CITY MANAGER
PREPARED BY: BONNIE J. JOHNSON, MANAGEMENT SERVICES DIRECTOR
SUBJECT: RECEIVE AND FILE THE 2010-11 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND RELATED REPORTS

RECOMMENDED ACTION

It is recommended that the City Council receive and file the 2010-11 Comprehensive Annual Financial Report (CAFR), the Report on Internal Controls, and the report on audit scope and other matters.

GOAL STATEMENT

The proposed action will support the City's goal to provide audited financial information in a timely manner.

BACKGROUND

Currently, the firm of Lance, Soll & Lunghard, LLP, performs the annual financial audit of the City of Colton. This audit is required to be performed in accordance with Generally Accepted Accounting Standards and Government Auditing Standards. At the conclusion of the audit test work, the audit firm issues an opinion as to the fairness of presentation of the financial position of City activities. The City of Colton received a "clean" opinion on its basic financial statements. In addition, the audit firm is also required to issue reports related to internal controls, Federal grants received (Single Audit), as well as communicate with the Council on certain matters regarding how the audit was planned and conducted. All aforementioned reports are attached with the exception of the Single Audit, which is still in progress and will be forwarded to Council upon issuance.

ISSUES/ANALYSIS

The Report on Internal Controls identifies matters that should be addressed by the City. In the past, the City has had numerous findings suggesting improvements to accounting and internal controls, however, over the past two years, current staff has been able to reduce these findings significantly. As a result, the current report contains one relatively minor finding related to journal entries. A more detailed explanation of this matter is contained in the attached Report on Internal Controls.

FISCAL IMPACTS

None.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENTS

- Comprehensive Annual Financial Report
- Auditor's Report on Internal Controls
- Report on Scope of Audit and Other Matters